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MEMORANDUM FOR: DD/A

FROM: DD/P

SUBJECT: Revision of Agency Position Classification System

REFERENCES: ADSO proposal to DD/A dated 16 May 1952, entitled "Revision of Agency Classification System" -- our registry No. 6589.

Amended proposal to the above by Acting AD Personnel, undated, Executive Registry No. 3-5057.

## 1. PROBLEM

A. In light of changing circumstances and a reassessment of our troubles with the Agency classification system, it is desired to withdraw the then ADSO's previous proposal in this connection, non-concur in the then acting AD Personnel amendment and herewith restate the problem with a new proposal.

B. The problem is in two parts entirely different one from the other and, therefore, each calls for separate treatment--undertaken in the order below.

C. The two parts of the problem:

(1) Procedural rigidity in the assignment of personnel outside of specified position classification, i.e., a GS-14 to do a GS-13 job.

(2) Procedural rigidity in promotion on the same job.

## 2. ASSUMPTIONS

A. It is assumed that this Agency continues willing to reasonably depart from the rigidities of Civil Service Administration where demonstrable, and that such leeway exists within the published policy statement of CIA Regulations [ ] quoted, "... 1 A(2) Although the Agency is exempt from the provisions of the Classification Act of 1949, the Agency shall adhere to the provisions of this Act insofar as possible ..."

B. Until proven otherwise it is desirable to operate basically under our present system and gain progressively more knowledge toward an ideal by small steps rather than seek an academic ideal or provide for a broad permissive leeway. It is suggested that the academic ideal would be unworkable, hence destructive, because of our inexperience in the field and that a broad permissive leeway would run away with us, hence also highly and equally unwise.

C. Promotion and position assignment policy can be made to fit differing basic conditions within one agency. This is a plea to get modest fitting flexibility where it really counts on the theory that in spite of the distance we have yet to go we have now matured sufficiently to handle a somewhat larger change than heretofore.

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D. CIA Regulation [ ] is a positive working policy not stated solely for its high negative value, quoted, "Promotions shall be governed by the needs of the Agency and by the performance of the individual."

E. OIR and Communications to be included within the context of the clandestine services for the purpose here--as appropriate.

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### 3. DISCUSSION PERTAINING TO BOTH PARTS OF THE PROBLEM

A. The purpose herein is the very modest one of seeking to regularize existing practice, to buttress regular procedure, where, because of rigid applications, damage is now done to it, and finally to seek more explicit authorization within the accepted wage and salary classification field.

B. It is believed that the basic government wage and classification system is adequate at this time for our CIA mission provided that its application (as will be proposed) defers in small part and is explicit to a reasonable undamaging operating exception, with appropriate controls.

C. The principles sought are not necessarily peculiar to the clandestine service. If applicable elsewhere, well and good - and there is sound reason for making such principles agency-wide if needful and appropriate. But we do say, such application is essential in the heterogeneous and outpost responsibilities that we have.

D. Our proposals to deal with this matter are designed to fit the operational necessities of the clandestine service with its characteristic unorthodoxy, avoid the harmful rigidity of typical governmental salary administration and yet not be violative or offensive to intelligent interpretation within this same system.

E. It is submitted that a reasonable flexibility in procedural matters is essential and at the heart of successful prosecution of clandestine operations. Therefore with authorized acceptance of our proposals, here-in lies a legitimizing of action for which there is no other recourse and an explicit protection and re-affirmation of the soundness of normal and regular procedure in its proper broad functioning.

F. Basic to wage and salary administration anywhere is full recognition of the importance of position relationships one to another. The great danger of disregard in this particular is not just over-payment but complete destruction of the compensation plan in relation to work content with eventual progressive deterioration of morale and work objective. The greatest value lost is that almost unpurchasable asset of incentive to perform well.

G. Complete support is acknowledged here for position evaluation. COPYRIGHT

H. It is of interest to note the point of view of Sherman Kent, AD-ONE here--quoted from his book, "Strategic Intelligence" (Princeton University Press, 1949) Page 147. He says, "Two forces of disintegration are now working in concert on the most valuable people. They are being nudged from within and beckoned from without."

"Their loss is a catastrophe to federal intelligence work. It is virtually impossible to find their replacements anywhere in the country. The only remedy is an heroic one--highly specialized personnel, such as the professionals in an intelligence organization, must be immune from ordinary civil service regulations. I fully realize the heresy of such a suggestion, but unless some special provision is made for intelligence, the whole question of the preservation of the democratic way may itself become one day somewhat academic."

4. **FACTS BEARING ON THE FIRST PART OF THE PROBLEM** -- i.e., procedural rigidity in the assignment of personnel outside of specified position classification. This problem deals solely with the case of placing a person on a position carrying a lower classification than the individual. In industry such an individual would carry a "Red Circle" rate\*.

A. To a modest extent, the situation arises where-in a given individual is the only person we have either available to transfer or fitted to fill a post. Such a situation arises from an emergency need, an unforeseen contingency, or developing and rising importance of a given spot in the world. Action is often required immediately. We must and will so take it commonly.

B. We can't know how long the action will stand, hence are forced into the laborious and often wrongly taken procedure of pressuring the up-grading of a position properly assessed originally. This is clearly wrong.

C. In the many highly specialized phases of our business, only an experienced operator can teach.

(1) For example, the returnee specialist in one field (GS-14) doesn't fit the (GS-13) slot properly allocated to the particular teaching post--unfilled. Our inflexibilities put a bar in the way of getting our best--and often only teaching source brought to bear. To meet this by plan is impossible due to great heterogeneity in teaching posts, subject matter and personnel available and competence.

(2) Our field results are in heavy part, of course, the product of effective and knowledgeable teaching. We must always press for better graduates. To get them today we are forced into the dishonest tactic of stealing slots (if we have them) to fit a situation, or again, pressuring to up-grade where normally the existing classification may well be correct.

5. **CONCLUSION** (on the first part of the problem)

A. Clearly when operational necessity dictates action not provided for in basic procedure, it seems only sensible to modify the procedure in order to authorize, regularize and control action, as well as buttress normal procedure, and conserve executive time now occupied with escape and evasion tactics.

6. **ACTION** (on the first part of the problem)

A. Authorize the DD/P (OTR and Communications separately) to take temporary action thru regular channels, as necessary in his judgment, to place a person at a given grade level into a position classified at a lower level, with these controls:

(1) Each assignment to be authorized (as appropriate) only by the Chief of Operations, for DD/P, Dir OTR or AD Commo.

(2) Agency classification and Wage division be notified for scrutiny as to proper classification of the position.

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(3) The total instances at any one time of such action be limited to not more than one percent (1%) of total personnel for each area.

(4) The difference between grade of the individual and grade of the position not exceed one (1) level.

(5) The length of time consumed by such assignment not exceed two (2) years.

(6) The DD/P, Dir. OTR and AD Commo maintain in his own office, readily available complete record of such actions, for inspection by the Agency Classification and Wage Division.

\* A "Red Circle Rate" is a salary paid above the maximum prescribed for the job, arising usually from either a downward change in work requirements or transfer with policy not to cut salaries.

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7. FACTS BEARING ON THE SECOND PART OF THE PROBLEM--i.e., procedural irregularities in promotion on the same job.

A. The problem here arises from two different sets of circumstances:

(1) The first is previous practice of OSC notably, in placing large numbers of individuals into posts carrying higher classification than the individual, and for the most part, resting on it. Many individual classifications varied from the position classification by a 2-level difference.

(a) This practice was (and is) not wrong in itself because the individual characteristically was not worth the position classification--i.e., too young and/or too inexperienced.

Importantly however, this action was eminently correct because the position in most such cases contains inherently significant developmental aspects.

Examples of such aspects or factors, are, area knowledge, language facility, police liaison, indigenous intelligence service liaison and development, indigenous citizenry liaison and development.

1. Thus, personnel action to meet conditions is not accommodated within our procedures and ipso facto, violation of procedure is forced on the operating office.

Additionally, from a personnel point of view, without regularizing this procedure, formalizing it at the outset, the individual feels he is underpaid, i.e., properly leveled GS-13 put on a GS-15 post.

(2) The second circumstance underlying the problem of promotion in the same position is where the individual sent to a new post carries the grade level of the post.

(a) Equally in this case the individual necessarily proceeds to develop the position. This is a natural must and by so doing he changes radically the product value and the contribution coming out of the post. He changes the value of the post.

The developmental factors in much of our work are those back of our policy, as appropriate, to promote long term incumbency; as the DDCI has put it--"... for perhaps 10-15, even 20 years."

8. DISCUSSION (on the 2nd part of the problem)

A. Theoretically if the individual were worth the existing (developmental) GS level of the position when he accepted it, he must have come out of it recently. In which case there is no problem until he goes beyond the factors (or develops them further) originally weighed by Classification. In that event there is still no problem, if Classification can meet and properly weigh contribution which changes and enhances "Requirements of the Work," for the post.

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B. A more practical instance is the assignment of a generally experienced individual to an entirely new post which bears the proper developmental basis in its classification, at his then salary level. Keeping strictly to the philosophy of government wage and salary administration such individual may be characterized as "over-graded" for the assignment--a theoretical "Red Circle Rate."

Development of the post then restores values to it--without reward or recognition for the performing individual in normal procedure.

(1) If dissatisfaction from the individual arises in the face of high need to keep him so placed, the only recourse is pressure to raise the post level even though the initial assessment was correct. Such practice is of course "inflationary" and destructive to values as to proper post inter-relationship salary administration and morale.

However, one must be alert to the extraordinary difficulty of assessing post value in dynamic conditions, and to the necessity of keeping up to date.

(2) Clearly, if the existing classification of the post does not contain due weight for the developmental factors, there is no problem in properly up-grading it.

C. Thus the problem in this circumstance is really that arising out of initial "over-graded" placement, so to speak, on a then properly classified post.

D. It is also the problem of obtaining at least modest flexibility within a rigid system from which it is desired not to substantially depart.

E. If it can be uniformly assumed that at any one time, proper (developmental) classification obtains, for a given post, then placement in it of an initially "overgraded" individual requires his acceptance of the condition or resort must be had to the temporary placement philosophy set up in the first section here-in, i.e., the first part of the problem.

F. The Personnel Manual issued by the Civil Service Commission, in section P2-2 (Position Classification) defines "grade" as follows:

"All classes of position which (although different with respect to kind or subject matter of work) are sufficiently equivalent as to

(a) level of difficulty and responsibility and

(b) level of qualification requirements of the work, to warrant inclusion of such classes of positions within one range of rates of basic compensation." (underline is the author's)

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(1) Thus it is clear that "level of qualification requirements of the work" properly provides us with an official basis to recognize the "developmental factors" noted above. This is to say that the level of requirements in many a post actually progresses (increases) as the work of the post is properly developed. The requirements are not satisfied until the post is developed, i.e., area knowledge language, liaison, etc.

G. Next attached is a tabular summary of selected government pay scales to show the non-incentive aspect of within-grade step increases and the corollary importance of inter-level (grade) promotion.

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Selected Government Pay Scale Ranges (minimum to maximum)

rade	A Min to Max difference	B The whole dif- ference per pay period	C The annual value of each in-grade step	D The number of in-grade step increases prescribed	E Time prescribed for each	F The pay- period value of each step
S-5	\$750.00	\$29.00	\$125.00	6	12 mos.	\$4.80
S-9	750.00	29.00	200.00	6	12 mos.	7.70
S-11	1000.00	39.00	200.00	5	18 mos.	7.70
S-13	1000.00	39.00	200.00	5	18 mos.	7.70
S-14	1000.00	39.00	200.00	5	18 mos.	7.70
S-15	1000.00	39.00	250.00	4	18 mos.	9.60
S-16	800.00	31.00	200.00	4	18 mos.	7.70
S-17	800.00	31.00	200.00	4	18 mos.	7.70

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H. Returning for a moment to the individual who takes a properly classified post at his then salary level it is seen that he gets paid practically or nearly a single figure at the beginning and end of tenure no matter how well he fulfills the end requirements (hence changes values) of the post.

(a) This is inherent in the philosophy of government wage and salary administration. It is desired now to point up the true nature of it.

I. It is the vegetative human--leveling philosophy of unionism. It is in fact leveling to the lowest common denominator. It is in fact equal pay for unequal work. It kills initiative, ambition, job development, and progress.

This is the real reason why industry and business have fought so hard to stop unionism within the executive field. The unionism of the "warrant-officer" executive, so to speak, - the foreman, is a threat to our economy.

Can the intelligence "business" take this in its executive field and expect product values which can come only from imagination, alertness, initiative, and long-headedness - needfully based in personal anonymity? \*1 *alertness*

J. The philosophy of salary range.

(1) My salary range here is meant the difference between minimum and maximum for a single position classification, i.e., GS-13 minimum is \$8360.00 annually, GS-13 maximum is \$9360.00 annually. The range is \$1000.00 obtainable in total amount by 5 steps in 7½ years.

(a) Within the government, as the position rises in importance the relationship between the range and the salary itself decreases. Exactly the opposite obtains in industry and business.

(b) The industrial and commercial establishments say to the executive: "As you gain position promotion it becomes increasingly beneficial to the company to keep you progressively longer on your job in order for us to gain the benefits of your development on the job. We will therefore give you corresponding salary compensation. If you start as an accounting clerk your range will be 20% of the starting salary. When you get to be vice president your range will be 50% of the first salary on this job."

\*1 Re: Anonymity: Professionalism in so many posts in the clandestine field demands personal anonymity, thereby personnel-wise, posing for us the additional burden of finding stimulative factors to help offset the deprivation.

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(2) The philosophy back of industry and commercial practice is the positive one which recognizes increasing contribution potential with time-in-position. Government work has the same factor in it, of course, but the government salary administration plan doesn't recognize it. The range is too narrow and the application too spread out to give financial incentive for good performance.

(3) A tabular comparison here below shows this picture and next attached is a graphic comparison. Government position level is shown opposite the roughly same nature of position in industry\* together with one example from a large commercial (non-industry) establishment.

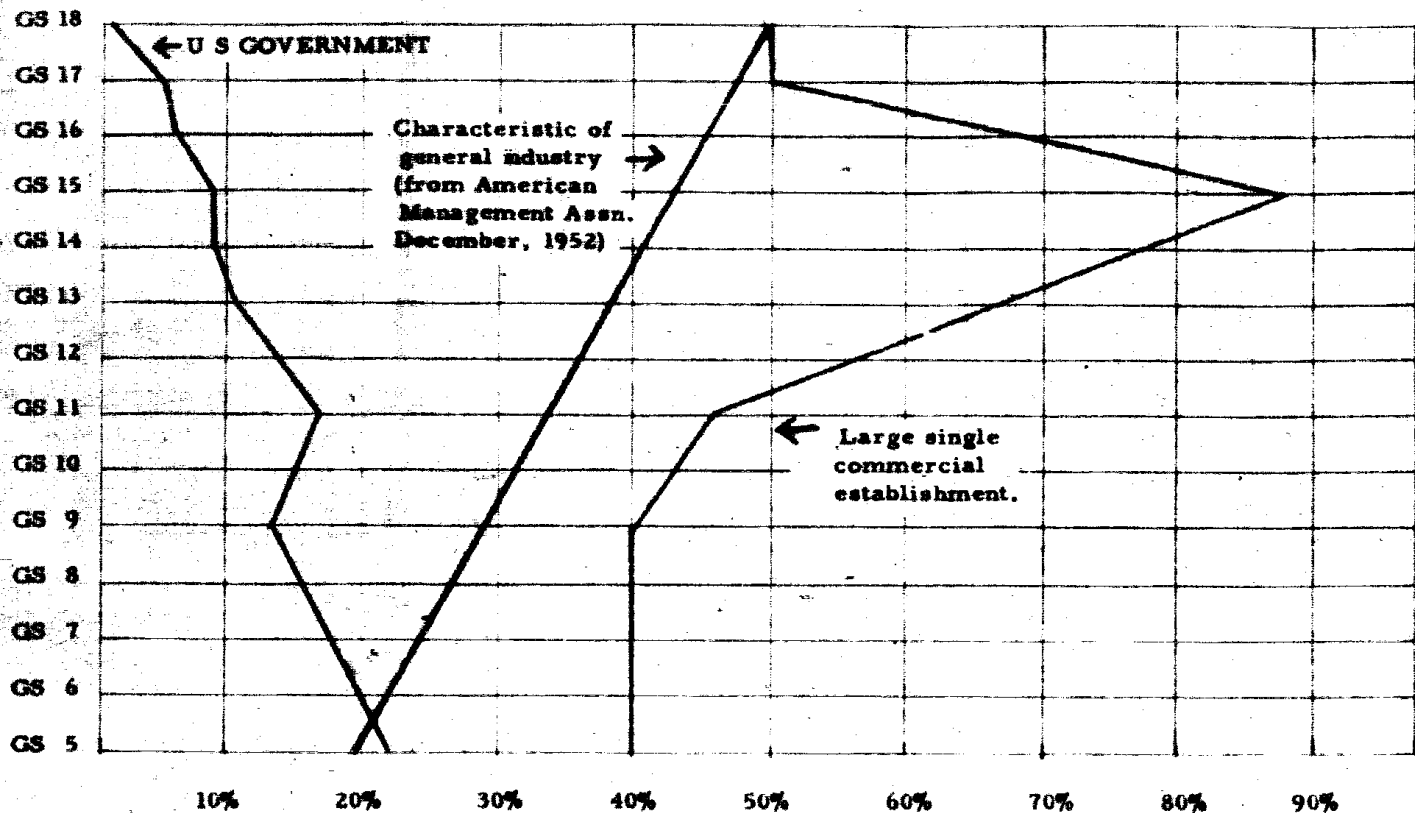
The width of salary range (minimum to maximum) as a percentage on the minimum, leveled at roughly comparable position responsibility.

<u>U. S. GOVERNMENT</u>	<u>COMMERCIAL</u>	<u>INDUSTRY*</u>
GS-18 0%	Vice-pres. 50%	Vice-pres 50%
GS-17 6.1%	2nd Sr. Ex. 50%	
GS-16 6.6%		
GS-15 9.2%	1st Sr. Ex. 87%	
GS-14 9.1%		
GS-13 12.0%	2nd Line Ex. 46%	(Roughly even progression)
GS-12 14.0%		
GS-11 17.0%		
GS-10		
GS-9 14.0%	1st Line Ex. 40%	
GS-8		
GS-7 18.0%		
GS-6		
GS-5 22.0%	Stenographer 40%	Clerk 20%

\* The industry information is provided from recent studies by the American Management Association, New York City.

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**THE WIDTH OF SALARY RANGE ( MINIMUM TO MAXIMUM )  
AS A PERCENTAGE ON THE MINIMUM, LEVELED AT  
ROUGHLY COMPARABLE POSITION RESPONSIBILITY.**



9. CONCLUSION (on the second part of the problem)

A. It seems easily possible to make progress in recognizing the factor of development requirements of work, where pertinent, with practically complete adherence to government established wage administration.

(1) This means establishing a wider range to meet the facts than is contained within a single position classification level. It means taking the position classification (developmental) as the then maximum for the post.

(2) The range becomes an appropriately chosen number of contiguous levels down from the maximum.

(a) It must be made perfectly clear here that when classification assesses any post today, it establishes a maximum for that post, i.e., GS-5, \$3410.00 minimum - \$4160 maximum, GS-13, \$8360 minimum - \$9360 maximum. Under the above proposal, exactly the same procedures obtain processed by the same people who do it now. What is sought here is in effect to lower the minimum on all posts which contain developmental requirements.

The clerical or the executive who begins to fulfill position requirements within the first few days or weeks is properly placed at the single GS level which contains in itself the maximum for the post. The individual assigned to a post containing requirements calling, for example, for 3-5 years of incumbency for fulfillment works his way up to the maximum GS level which is assessed in exactly the same way as in the preceding case.

It may be said perhaps that the proposal herein recognizes apprenticeship, so to speak. Even the American Federation of Labor does this! - i.e.

1st year apprentice  
2nd year apprentice  
3rd year apprentice  
4th year apprentice  
Journeyman

B. Such action provides, (1) financial incentive within the position to stimulate progress in satisfying end requirements, (2) basic justice to the individual and protection against personnel dissatisfaction, (3) protection to the salary system from distortions, (4) a basis for the operator in an honest and guided course of action, (5) no offense basically to regular procedure.

C. Such action philosophically coincides with previous agency action in the promotional plan for the intelligence officer.

Here-in, also, is provided further modest expansion, further regularization and further buttress and protection for our basic salary administration plan.

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**10. ACTION.**

A. Provide that in positions specified by DD/P (OTR, Commo) as developmental: (1) the Agency assessment of position level shall explicitly include all developmental factors (and so stated) together with apprentice levels down therefrom; this is to produce inter-level range. (2) Classification and Wage Division shall review all such positions for proper assessment with full recognition of developmental factors and together with the operating responsible office, wash out inequalities found.

B. Provide that DD/P (OTR, Commo) have the authority to effect in-grade step increases and within-range promotion to recognize quality of performance and progress in reaching the full position requirement.

(1) No in-grade step increase to take place at shorter intervals than 6 months.

(2) No in-grade step increase to exceed two steps.

(3) No inter-grade within-range promotion to take place at shorter intervals than one year except that the last grade promotion be preceded by a two year span.

Acting Chief of Operations

Approved:

Deputy Director, Administration

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